

The BIPARTISAN RETIREMENT SECURITY ACT

A Comprehensive, Bipartisan Plan to Save Social Security

Congressmen Jim Kolbe (R-AZ) and Allen Boyd (D-FL)



HOW KOLBE-BOYD IS BENEFICIAL TO WOMEN



The Kolbe-Boyd bill contains several provisions that would be beneficial to women. Most notable is the minimum benefit provision that creates a protection from poverty within the traditional defined benefit from Social Security. Anyone who has worked 40 years would receive a guaranteed benefit from Social Security equal to 120% of the poverty level, regardless of their earnings history. This benefit is phased in over time so that an individual is first eligible for a minimum benefit if they have worked for at least 20 years. At 20 years, an individual is entitled to a minimum benefit equal to 80% of poverty. Each year worked in excess of 20 years entitles the individual to an additional 2%, maxing out at 120% of poverty for 40 years of work. If a retiree's regularly computed benefit is higher, they would receive the higher benefit. Individuals would be entitled to the minimum benefit *regardless of the balance in their personal account*.

The minimum benefit provision in the Kolbe-Boyd bill will provide a more robust guaranteed benefit than what is afforded by current law. As a result of this provision alone, 50% of women and 10% of men will do better under the Kolbe-Boyd plan than under current law. The provision is so strong that it effectively makes the personal accounts a "bonus" for low-income workers.

The Kolbe-Boyd plan also permits annual voluntary contributions to a personal account. Workers may contribute an additional \$2,000 per year to their personal account. Women who expect to take time off to raise children can make voluntary contributions both before and after their hiatus to "catch up" for the years of lost earnings.

For women who earn less than \$30,000, the Kolbe-Boyd plan provides a savings subsidy. For the first \$1 voluntary contribution, an eligible worker will receive a \$150 match from the federal government. Each additional dollar is matched 50% up to a cap of \$600 per year. For eligible workers who are unable to contribute voluntarily, the plan allows them to redirect a portion of their Earned Income Tax Credit (EITC) into their personal account to qualify for the savings match. Not only does the Kolbe-Boyd plan provide an opportunity for low-income workers to save for their retirement, it establishes a mechanism as well – something most other plans don't do.